



DEPARTMENT OF THE TREASURY

Community Development Financial Institutions Fund

Announcement Type: Notice and Request for Public Comment

AGENCY: Community Development Financial Institutions Fund, Treasury.

ACTION: Notice and Request for Public Comment.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995. Currently, the Community Development Financial Institutions Fund (CDFI Fund), U.S. Department of the Treasury, is soliciting comments concerning the Transaction Level Report (TLR) for the New Markets Tax Credit Program (NMTC Program).

DATES: Written comments must be received on or before **[insert date 60 days after publication date in the FEDERAL REGISTER]** to be assured of consideration.

ADDRESSES: Submit your comments via email to Shannon McKay, Program Manager, Office Financial Strategies and Research, CDFI Fund, U.S. Department of the Treasury, at CDFI-FinancialStrategiesandResearch@cdfi.treas.gov.

FOR FURTHER INFORMATION CONTACT: Shannon McKay, Program Manager for Office of Financial Strategies and Research, CDFI Fund, U.S. Department of the Treasury, 1500 Pennsylvania Ave. NW., Washington, DC 20220 or by phone at (202) 653-0300. Other information regarding the CDFI Fund and its programs may be obtained through the CDFI Fund’s website at <https://www.cdfifund.gov>.

SUPPLEMENTARY INFORMATION:

Title: NMTC Program Transaction Level Report

OMB Number: 1559–0027.

Abstract: This collection captures quantitative transactional information from Community Development Entities (CDEs). CDEs that receive New Markets Tax Credit (NMTC) allocations must submit TLRs as part of their annual compliance reporting requirements. The current reporting requirements can be found in the allocation agreement templates located on the CDFI Fund Web site at <https://www.cdfifund.gov/>. The current version of the TLR guidance is available at <https://www.cdfifund.gov/amis-reporting> under Transaction Level Report (TLR) – June 2022, Allocatee TLR Guidance Documents and Information.

This information is used to assess: (1) The Allocatee’s activities as detailed in its application materials; (2) the Allocatee’s approved use of the allocation; (3) the Allocatee’s financial condition; (4) the socio-economic characteristics of Allocatee’s borrowers/ investees, loan and investment terms, repayment status, and community development outcomes; and (5) overall compliance with the terms and conditions of the allocation agreement entered into by the CDFI Fund and the Allocatee.

For the NMTC TLR, to address the Government Accountability Office (GAO) recommendations in its July 2014 report *GAO-14-500: New Markets Tax Credit, Better Controls and Data Are*

Needed to Ensure Effectiveness, the following changes are proposed: 1) revised data points on fees and transaction costs to provide comprehensive reporting and alignment with the QALICB Fee Disclosure Form and Allocation Application; and 2) new data points for measuring the depth of public subsidy in NMTC transactions. The Fund is proposing additional changes to the NMTC TLR to address other concerns including, 3) data points (new and revised) on community outcome measures to better evaluate prior allocate performance during the competitive application process, align with the information collected in the Allocation Application and to permit recipients to better report quantitative outcome measures; and 4) new data points to better assess compliance with certain terms and conditions of the Allocation Agreement.

For fees and transaction costs, 12 out of 13 TLR data points have been revised to ensure that they are mutually exclusive and align with required QALICB disclosures and the Allocation Application. In addition, all data points will be reported as actual dollar amounts. Three TLR data points are proposed to be eliminated due to a lack of usage (Other Sources of Compensation and Profits Charged to Investors; Other Sources of Compensation and Profits Charged to Borrowers/Investees; Other Sources of Compensation and Profits Charged to Other Entities).

The revised data points are:

- Total QEI Proceeds Retained by the CDE or CDE Affiliate;
- Upfront Fees to the CDE or CDE Affiliate;
- Upfront Fees to Investors or Investor Affiliates;
- Upfront Fees to Unaffiliated Third Parties;
- Upfront Transaction Costs;
- Ongoing Fees to the CDE or CDE Affiliate;
- Ongoing Fees Paid to Investors or Investor Affiliates;
- Ongoing Fees to Unaffiliated Third Parties;
- Ongoing Transaction Costs;
- Back-end Fees to CDE or CDE Affiliates;
- Back-end Fees to Investors or Investor Affiliates;
- Back-end Fees to Unaffiliated Third Parties; and
- Back-end Transaction Costs.

To better measure the depth of public subsidy, a new data point (Estimated Annual Net Operating Income) will be added to the NMTC Allocatee TLR, as well as revised TLR guidance for the existing data point on “Total Project Cost Public Sources”.

The proposed addition and changes to the outcome reporting in the NMTC Allocatee TLR affect the data points related to job creation and retention; quality of jobs; accessible jobs; type of business loans; financing of minority-owned or controlled businesses; commercial and community goods and services; and environmental outcomes. The changes include:

- Projected Full-Time Equivalent (FTE) Jobs to Be Created or Retained at Businesses Financed (new data point);
- Actual Full-Time Equivalent (FTE) Jobs Created or Retained at Businesses Financed (new data point);
- Job Quality Measures (new data point);
- Identify Accessible Jobs Measure (new data point);
- Number of Accessible Jobs (new data point);
- Type of Business Loan (new data point);
- Minority-Owned or Controlled Businesses (revised data point);
- Native American-Owned or Controlled Businesses (new data point);
- Number of People Served by Commercial Goods or Services (new data point);
- Number of People Served by Community Goods or Services (new data point);
- Number of Households Served by Infrastructure Services (new data point);
- Identify Environmental Restoration and/or Sustainability Outcome Measure (new data point); and
- Quantify Environmental Restoration and/or Sustainability Outcome (new data point).

In order to better assess compliance with certain terms and conditions of the Allocation

Agreement when a QLICI is originated, the following five data points are proposed:

- Below Market Interest Rate at origination (new data point);
- Blended Interest Rate at origination (new data point);
- Comparable Blended Interest Rate at origination (new data point);
- What is Interest Rate Comparable at origination? (new data point); and
- Interest Rate Comparable at Origination – Other (new data point).

In addition, the CDFI Fund proposes to eliminate the following data points that are no longer relevant in assessing compliance given that they relate to data points after origination:

- Below Market Interest Rate the end of the reporting period
- Blended Interest Rate the end of the reporting period
- Comparable Blended Interest Rate the end of the reporting period
- Below Market Interest Rates or Flexible Terms Required under Allocation Agreement
- Below Market Interest Rate at the end of the reporting period

- What is Interest Rate Comparable at the end of the reporting period?
- Interest Rate Comparable -- Other
- Interest Rate Financial Note Terms at the end of the reporting period

More details on the changes described above can be found in the updated guidance document available on the CDFI Fund website at <https://www.cdfifund.gov/requests-for-comments>.

Type of Review: Regular Review.

Affected Public: CDEs including businesses or other for-profit institutions, non-profit entities, and State, local and Tribal entities participating in CDFI Fund programs.

Estimated Number of Respondents:

NMTC Annual TLR and ILR: 210.

Estimated Annual Time (in hours) Per Respondent:

NMTC Annual TLR and ILR: 81.33.

Estimated Total Annual Burden in Hours:

NMTC Annual TLR and ILR: 17,079.3.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on all aspects of the information collections, but commentators may wish to focus particular attention on: (a) whether the collection of information is necessary for the proper performance of the functions of the CDFI Fund, including whether the information shall have practical utility; (b) the accuracy of the CDFI Fund's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents,

including through the use of technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Please note this request for public comment only includes the NMTC TLR. The CDFI Fund intends to release a separate RFI for the CDFI Program TLR as well as requesting a separate OMB number at a later point in time.

Authority: 12 U.S.C. 4707 et seq.; 26 U.S.C. CFR part 1805.

Jodie L. Harris,

Director, Community Development Financial Institutions Fund.

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